



บริษัท เอบิโก้ โฮลดิ้งส์ จำกัด (มหาชน)

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**Management Discussion and Analysis (MD&A) ABICO HOLDINGS ABICO HOLDINGS PUBLIC COMPANY LIMITED**

**FOR THE THIRD QUARTER 2022 THREE MONTHES AND NINE MONTHS**

1. STATEMENTS OF COMPREHENSIVE INCOME

1.1 Revenues from sales and services

Unit: Million Baht)

	For the third quarter		For the period of nine months		Movement for the third quarter		Movement for the period of nine months	
	2022	2021	2022	2021	Increase (decrease)	%	Increase (decrease)	%
Producer and distributor of ready-to-drink milk, drinks	542.69	599.30	1,773.07	1,670.36	(56.61)	-9.45%	102.71	6.15%
Immovable property business	0.50	0.43	1.46	1.30	0.07	15.94%	0.15	11.75%
Agriculture and dairy farm	12.32	12.44	45.01	41.82	(0.12)	-0.96%	3.20	7.64%
<b>Total</b>	<b>555.51</b>	<b>612.17</b>	<b>1,819.54</b>	<b>1,713.48</b>	<b>(56.66)</b>	<b>-9.26%</b>	<b>106.06</b>	<b>6.19%</b>

- Contract manufacturing business of ready-to-drink milk and pasteurized fruit juices. In Q3'22 income decrease by Baht 56.61 million, or 9.45% , and for the nine-month period increased by Baht 102.71 million, or 6.15%, There was more contract manufacturing in full-service format compared to the previous year
- Immovable property business saw its income increase both in the three-month period and the nine-month period by Baht 0.07 million and Baht 0.15 million respectively, near that of last year.
- Farm business saw is income decrease in the three-month period by Baht 0.12 million, or 0.96% and the nine-month period increased by Baht 3.20 million or 7.64% respectively, due to the volume of raw milk delivered to customers.

1.2 Cost of sales and service, Administrative expenses

(Unit: Million Baht)

	For the third quarter		For the period of nine months		Movement for the third quarter		Movement for the period of nine months	
	2022	2021	2022	2021	Increase (decrease)	%	Increase (decrease)	%
Cost of sales and service	524.80	558.58	1,693.17	1,572.13	(33.78)	-6.05%	121.03	7.70%
Administrative expenses	27.47	28.35	85.21	72.02	(0.88)	-3.11%	13.19	18.32%
<b>Total</b>	<b>552.27</b>	<b>586.93</b>	<b>1,778.37</b>	<b>1,644.15</b>	<b>(34.66)</b>	<b>-5.91%</b>	<b>134.22</b>	<b>8.16%</b>

In Q3'22, the Company's cost of sales and administrative expenses in the three-month period and the nine-month period are Baht 524.80 million and Baht 1,693.17 million respectively.

- The cost of sales and service decreased by Baht 33.78 million, or 6.05%, in Q3'22; and increased by Baht 121.03 million, or 7.70%, in the nine-month period. due to the Company's more contract manufacturing in full-service format, resulting in the recognition of cost of raw materials and packaging materials included in the cost of sales and services.
- Administrative expenses decreased by Baht 0.88 million, or 3.11%, in Q3'21; and increased by Baht 13.19 million, or 18.32%, in the nine-month period.

### 1.3 Others income

- Total other income amounted to Baht 6.74 million, which increased by Baht 2.61 million, or 63.17%, in Q3'22; and amounted to Baht 21.14 million, which increased by Baht 6.48 million, or 44.22%, in the nine-month period.

### 1.4 Operational profit and net profit

(Unit: Million Baht)

	For the third quarter		For the period of nine months		Movement for the third quarter		Movement for the period of nine months	
	2022	2021	2022	2021	Increase (decrease)	%	Increase (decrease)	%
Profit (loss) before tax expenses	10.34	28.56	62.38	78.58	(18.23)	-63.82%	(16.20)	-20.62%
Loss Tax expenses	1.02	3.60	10.00	10.01	(2.57)	-71.55%	(0.01)	-0.06%
<b>Operational Profit</b>	<b>9.31</b>	<b>24.97</b>	<b>52.37</b>	<b>68.57</b>	<b>(15.66)</b>	<b>-62.70%</b>	<b>(16.20)</b>	<b>-23.62%</b>
Share of profit (loss) of associate	(3.08)	(8.09)	(12.46)	(19.74)	5.02	62%	7.28	36.88%
<b>Net profit</b>	<b>6.24</b>	<b>16.87</b>	<b>39.91</b>	<b>48.83</b>	<b>(10.64)</b>	<b>-63.04%</b>	<b>(8.92)</b>	<b>-18.26%</b>

- Operational profit amounted to Baht 9.31 million, which decreased by Baht 15.66 million, or 62.70%, in Q3'22; and amounted to Baht 52.37 million, which decreased by Baht 16.20 million, or 23.62%, in the nine-month period. due to some reduction of orders from clients and the Company's process of changing its customer base. Moreover, there was an additional depreciation calculated by the investment in assets used in production to boost efficiency and reduce production costs in the long run.
- Net profit according to the financial statement decreased by Baht 10.64 million, or 63.04%, in Q3'22; and decreased by Baht 8.92 million, or 18.26%, in the nine-month period.

## 2. Analysis of financial status as at 30 September 2022

(Unit: Million Baht)

Assets	30 Sep. 2022	%	31 Dec. 2021	%
Trade and other receivables	485.10	25%	478.63	24%
Inventories	169.95	9%	152.25	8%
Lease receivable	76.48	4%	75.88	4%
Investment in associated company	197.66	10%	210.47	11%
Property, plant and equipment	741.13	39%	757.69	39%
Right-of-used	161.80	8%	179.07	9%
Biological assets – dairy cow	52.23	3%	49.94	3%
Others	39.16	2%	63.72	3%
<b>Total assets</b>	<b>1,924.50</b>	<b>100%</b>	<b>1,967.72</b>	<b>100%</b>

Total assets were Baht 1,924.50 million, which decreased by Baht 43.22 million from 2021.

- Trade and other receivables increased by Baht 6.42 million, because the Company delivery more product to customers. This was consistent with the increased revenue in the contract manufacturing business of milk, drinks, and fruit juices.
- Inventories increased by Baht 17.69 million, because the Company had to reserve packages and raw materials for customers and new customers in manufacturing.
- Lease receivables were increased by Baht 0.60 million.
- Investment in the associated companies decreased by Baht 12.81 million, due to the recognized share of loss in the associate companies.
- Land, buildings, and equipment were decreased by Baht 16.57 million because there were the depreciation between the periods.
- Biological assets increased by Baht 3.29 million, due to the adjustment of fair value of the dairy cattle in the subsidiaries.
- Other assets were mostly cash and equivalent transactions to cash, deferred income tax assets, intangible assets and Other non-current assets

(Unit: Million Baht)

<u>Liabilities</u>	<u>30 Sep. 2022</u>	<u>%</u>	<u>31 Dec. 2021</u>	<u>%</u>
Bank overdrafts and short-term loan	254.00	28%	220.00	23%
Trade and other payables	338.88	37%	339.99	35%
Liabilities under financial lease agreement	179.49	20%	201.69	21%
Long – term loan	15.39	2%	103.33	11%
Others	116.88	13%	111.36	11%
Total liabilities	<u>904.64</u>	<u>100%</u>	<u>976.37</u>	<u>100%</u>

Total liabilities were Baht 904.64 million, which decreased by Baht 71.73 million from 2021.

- Bank overdrafts and short-term loan increased by Baht 34.0 million, because the subsidiaries withdrew more short-term loan from financial institutions for operations.
- Trade and other payables decreased by Baht 1.11 million.
- Liabilities under financial lease agreements decreased by Baht 22.20 million. for the liabilities under financial lease agreements.
- Long-term loan decreased Baht 87.94 million, because the Company have paid for the loan.
- Other liabilities consisted of deferred tax liabilities, employee benefit obligation, current liabilities and other non-current liabilities.